

Message Text

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PAGE 01 KINSHA 07183 300839Z

ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 AGRE-00 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01
NSC-05 SS-15 STR-04 CEA-01 L-03 H-01 PA-01 PRS-01
/096 W

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R 300645Z JUL 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 4907

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

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DEPT PASS EXIM, TREASURY, COMMERCE

E.O. 11652: N/A

TAGS: ECON, EGEN, CG, EALR

SUBJECT: DOMESTIC PRICE TRENDS -- JULY 1977

REF: KINSHASA A-086

1. THE SHARP DROP IN THE COST OF LIVING INDEX FOR THE MONTH OF JULY SERVES TO UNDERLINE BOTH THE ESSENTIALLY ERRATIC NATURE OF THE LOCAL MARKETING SYSTEM AND THE PROBLEMS INHERENT IN CONDUCTING THIS TYPE OF SURVEY IN AN ECONOMY WHERE SCARCITY IS THE NORM RATHER THAN THE EXCEPTION.

2. JUNE'S DRAMATIC PRICE INCREASE APPEARS TO HAVE BEEN AN ABERRATION PRIMARILY CAUSED BY UNUSUALLY HIGH PRICES (AT LEAST IN PART DUE TO SUPPLY AND QUALITY VARIATIONS) FOR FRESH SEA FISH, SALTED FISH AND BEEF, ALL OF WHICH HAVE SINCE RETURNED TO MORE USUAL LEVELS, AS HAS FRESH RIVER FISH, WHICH SHOWED A SUBSTANTIAL

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DROP IN PRICE IN JUNE.

	DEC 20 1976	MAR 23 1977	JUNE 27 1977	JULY 22 1977	PERCENTAGE CHANGE DEC/JUL
HIGH INCOME	160.1	166.2	227.6	191.4	19.6 PER CENT
MIDDLE INCOME	148.8	155.1	218.9	182.3	22.5 PER CENT
LOW INCOME	159.2	167.7	253.1	196.3	23.3 PER CENT

3. THESE PERCENTAGE CHANGES SINCE DECEMBER, TAKING INTO ACCOUNT THE JULY DECREASES, ARE FAR MORE IN LINE WITH THE GOZ'S ATTEMPT TO HOLD INFLATION TO A 30 PER CENT ANNUAL RATE, ALTHOUGH IT IS STILL UNLIKELY THAT THIS WILL BE ATTAINABLE. RICE PRICES HAVE SHOWN A SHARP (ALMOST 50 PER CENT) INCREASE OVER NORMAL LEVELS AND WILL PROBABLY CONTINUE TO CLIMB UNTIL IMPORTED STOCKS OR THE RICE CROP HIT THE MARKET. ONIONS AND PEPPERS HAVE ALSO SHOWN SIMILAR LARGE INCREASES, AS HAS READY-TO-WEAR CLOTHING FOR BOTH CHILDREN AND ADULTS. IT IS, HOWEVER, FAR TOO EARLY TO TELL WHETHER THESE ARE ADVANCE INDICATORS OF AN INCREASING INFLATIONARY TEMPO OR SIMPLY THE RESULT OF TEMPORARY SHORTAGES.

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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Sent Date: 30-Jul-1977 12:00:00 am
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Disposition Approved on Date:
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